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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/09/08

Index:

Election season LDP:

- 1) Yomiuri poll: 43 PERCENT of public want lower-house election as soon as possible; LDP support rate steady at 29.7 PERCENT , but DPJ's slips 1.8 points to 16.9 PERCENT (Yomiuri)
- 2) Yosano, Koike declare they are running in the LDP presidential race, but Yamamoto drops out, unable to gather enough backers (Yomiuri)
- 3) Former Prime Minister Mori, wanting to be kingmaker, backs Taro Aso in the LDP presidential race (Yomiuri)

Election season - DPJ:

- 4) Ichiro Ozawa declares candidacy for DPJ presidency for 3rd time, running unopposed, promises to make the DPJ the ruling party (Yomiuri)
- 5) The upcoming lower-house election is seen as Ozawa's last chance to lead a party to victory and grab the reins of government (Nikkei)
- 6) Some members of the DPJ still fuming that Ozawa will be reelected without a vote (Yomiuri)
- 7) Ozawa's policy pledges include cut in existing budget but lack specifics on where necessary revenues will come from (Yomiuri)
- 8) Ozawa targets small election districts in nationwide campaign, expects to win in a majority of them (Nikkei)
- 9) LDP presidential candidates set to attack Ozawa's political approach and DPJ campaign pledges (Tokyo Shimbun)
- 10) Japan goes along with the ban on nuclear exports to India but the decision was a hard one to make (Yomiuri)

11) METI's new energy strategy spotlights tax cuts to encourage capital investment that will save energy (Yomiuri)

12) Japan Business Federation (Nippon Keidanren) calls for a 10 PERCENT consumption tax by fiscal 2011 (Yomiuri)

#### Articles:

1) Poll: 43 PERCENT call for snap election at earliest possible time

YOMIURI (Page 2) (Abridged)  
September 9, 2008

Some 43 PERCENT of the public would like the House of Representatives to be dissolved as soon as possible for a general election, the Yomiuri Shimbun found from its recent face-to-face nationwide public opinion survey conducted Sept. 6-7. "Within this year" accounted for 27 PERCENT, and a total of 70 PERCENT thought that the general election should take place by the end of this year. In the wake of Prime Minister Fukuda's abrupt announcement of his resignation, an increasing number of people want a snap election, the survey shows.

In the poll, respondents were asked what they thought about Fukuda's sudden announcement of his resignation. To this question, 71 PERCENT said he was "irresponsible." In the breakdown of public support for political parties, however, the ruling Liberal Democratic Party remained almost flat at 29.7 PERCENT, down only 0.8 percentage points from last month. This shows that the LDP's support rate was

TOKYO 00002460 002 OF 009

not markedly affected by Fukuda's announcement of his resignation. The public is apparently trying to find out developments in the LDP's presidential election. Meanwhile, the leading opposition Democratic Party of Japan (Minshuto) was at 16.9 PERCENT, down 1.8 points from last month.

Respondents were also asked who they thought would be most appropriate among ruling and opposition lawmakers for prime minister. To this question, LDP Secretary General Taro Aso, who will run in the LDP race, scored 30.6 PERCENT, followed by former Prime Minister Koizumi at 11.8 PERCENT and DPJ President Ozawa at 9.6 PERCENT. Aso rose from 24.7 PERCENT in last month's survey and remained most popular. Former Defense Minister Yuriko Koike, who is expected to run for LDP presidency, was at 4.7 PERCENT (1.0 PERCENT in last month's survey). Former LDP Policy Research Council Chairman Nobuteru Ishihara was at 4.1 PERCENT (0.9 PERCENT in last month's survey) and Economic and Fiscal Policy Minister Kaoru Yosano at 1.8 PERCENT (0.4 PERCENT in last month's survey). All were up from last month, showing the effects of the LDP's presidential race.

The survey was conducted of 3,000 persons chosen from among the nation's voting population, and answers were obtained from 1,835 persons (61.2 PERCENT).

2) Yosano, Koike announce candidacies for LDP presidential race

YOMIURI (Page 1) (Slightly abridged)  
September 9, 2008

Economic and Fiscal Policy Minister Kaoru Yosano, 70, and former Defense Minister Yuriko Koike, 56, officially announced yesterday their candidacies for the Sept. 22 presidential election of the ruling Liberal Democratic Party (LDP) at the party's headquarters respectively. House of Councillors member Ichita Yamamoto, however, revealed the press corps yesterday his intention to give up running in the presidential race. Since Yasufumi Tanahashi, former science and technology minister, has yet to secure 20 recommendations, the LDP presidency will be contested by five candidates -- Koike, Yosano, Secretary General Taro Aso, former policy chief Nobuteru Ishihara and former Defense Minister Shigeru Ishiba.

Koike told reporters:

"The key word is reform. I want to change the system of Japanese society and implement politics from the viewpoint of the public, while preserving tradition, family ties and the solidarity of community."

Koike is the first Japanese woman to seek the LDP presidency.

Yosano, meanwhile, said revealed the he would set drastic tax system reform, including a consumption tax hike, as a administrative concept. He said:

"I would like to gain public understanding not only for the consumption tax but also for the overall tax system. We should not give optimistic and misleading ideas to the public."

Ishiba yesterday came up with a policy of establishing a permanent law enabling Japan to dispatch the Self-Defense Forces overseas whenever necessary instead of the New Antiterrorism Special Measures

TOKYO 00002460 003 OF 009

Law that allows the Maritime Self-Defense Force to carry out its refueling operation in the Indian Ocean.

3) Mori to back Aso

YOMIURI (Page 4) (Full)  
September 9, 2008

Former Prime Minister Mori, a supreme advisor to the ruling Liberal Democratic Party's Machimura faction, clarified in a general meeting of the faction yesterday that he will support LDP Secretary General Taro Aso, who belongs to the Machimura faction, in the LDP's forthcoming presidential election.

The meeting was held after former Defense Minister Yuriko Koike, also belonging to the Machimura faction, announced her bid for the LDP presidential election. One of those who attended the meeting quoted Mori as saying: "Do you know what impuku (ritual suicide conducted in secret) is? As I talk to you now, I'm prepared to quit Seiwaken (Machimura faction). This time, we will not support anyone as a faction. As an individual, I will support Mr. Aso."

Meanwhile, former LDP Secretary General Hidenao Nakagawa, one of the Machimura faction's leaders, is standing behind Koike in the party race. "She has put her political career on the line," Nakagawa said in the meeting. "So," Nakagawa went on, "there will be some people who will support her as comrades, and that's understandable to me." The difference between Mori and Nakagawa, who are the Machimura faction's leaders, is now clear, and the faction could therefore split.

4) DPJ President Ozawa reelected third term; "I will do my best to take the country's political helm," he says

YOMIURI (Page 1) (Full)  
September 9, 2008

Ichiro Ozawa was reelected yesterday uncontested for his third term as president of Democratic Party of Japan (DPJ). The 66-year-old Ozawa expressed, at a press conference held at the party's headquarters, his determination to put all his energy into taking over the reins of government in the next House of Representatives election. He stated:

"I will do my best on the assumption that it is my last chance to put an end to the Liberal Democratic Party-led government and realize politics and government that places priority on the daily lives of people."

The DPJ will hold an extraordinary party convention on Sept. 20 in Tokyo to formally reelect Ozawa as its top leader. Ozawa will be serving in his post for two years until September 2010. He is expected to retain Deputy President Naoto Kan, Secretary General Yukio Hatoyama and Azuma Koshiishi, chairman of the LDP caucus in the House of Councillors, in their respective posts.

At the press meeting, Ozawa revealed that he would begin a nationwide stumping tour on Sept. 9 for the next Lower House election and announce the party's first officially picked candidates before the end of this week. He said:

"Since a dissolution of the Lower House and consequent general

TOKYO 00002460 004 OF 009

election are imminent, I will do my utmost to prepare for them. We will win a majority of the single-seat constituencies by all means."

Ozawa revealed a set of administrative concepts that will serve as a basis for a set of campaign pledges (manifesto) that the DPJ will announce in its campaign for the next Lower House election. He said:

"I will create a Japanese-style safety net system in such fields as pension, medical services, child-rearing, employment, the agriculture, forestry and fisheries industries, and small- and mid-sized enterprises. I will also completely change the nation's system of government so that the people can participate in politics. I will secure fiscal resources for this system."

5) Ozawa sees next Lower House election as last chance for change of government

NIKKEI (Page 2) (Full)  
September 9, 2008

Democratic Party of Japan President Ichiro Ozawa in a press conference yesterday expressed his strong resolve to win the next Lower House election. He said: "I will make utmost efforts, thinking it is the last opportunity to put an end to LDP-led politics and realize our party's vision of a people-oriented politics and administration."

Fifteen years have passed since he left the LDP. Touching on this fact, Ozawa said: "(The next election) will be the culmination of my life."

He also described Prime Minister Yasuo Fukuda's abrupt decision to step down as a golden opportunity for change of government, saying: "Many people have come to realize that the long LDP administration has not brought happiness to them."

The view is spreading in the party that Ozawa intends to risk his political life.

6) DPJ President Ozawa to speed up coordination on candidates for Lower House election

YOMIURI (Page 2) (Excerpts)  
September 9, 2008

Democratic Party of Japan (DPJ) President Ozawa, who has been reelected to a third term, intends to speed up coordination on the party's candidates for the next House of Representatives election, as well as the selection of the party executive lineup. However, there is smoldering frustration among DPJ lawmakers toward Ozawa's reelection to another term uncontested while the presidential election of the ruling Liberal Democratic Party (LDP) is drawing attention. The question is whether Ozawa will be able to make adequate preparations to seize power. This is his real challenge.

Ozawa, at a press conference yesterday, stressed: "I will be officially reelected on Sept. 21 (at the party's convention). But I will fulfill my duty without making any political vacuum and do my best to prepare for a general election."

TOKYO 00002460 005 OF 009

Amid the Fukuda cabinet's slump in the polls, the largest opposition party has gained confidence that it can win the next Lower House

election. With Fukuda's abrupt announcement of his resignation, all eyes are now fixed on the LDP presidential race. Therefore, the view is gaining ground in the DPJ that the trend of opinion has slightly changed.

The DPJ initially had planned to contest the Lower House election by playing up the need for political change, grilling the government and ruling coalition over soaring prices and the issue of poisoned Chinese-made frozen dumplings at the upcoming extraordinary Diet session. However, the ruling camp is now coordinating a timetable for a dissolution of the Lower House election in early October. On this point, as well, the DPJ's calculation has been off.

At yesterday's press meeting, Ozawa underscored his concern, saying: "I have continued to say on various occasions that we cannot win the Lower House election on the mood alone. The situation is very difficult."

7) Ozawa's plan for DPJ administration emphasizes budget cuts for existing projects but lacks specifics about fiscal resources

YOMIURI (Page 11) (Excerpts)  
September 9, 2008

Democratic Party of Japan President Ichiro Ozawa was reelected for a third term without a formal vote yesterday. The blueprint for a new administration he unveiled yesterday emphasizes the need to significantly cut current expenditures in order to squeeze out fiscal resources to implement his major policy plans. But more than 15 trillion yen will be needed to realize the plans. Given this, unless he presents specific spending cuts by the time of the next House of Representatives election, he will unavoidably be criticized as a profligate spender.

The blueprint incorporates measures to create a system to give income support to individual farmers and to provide households with up to 26,000 yen per month as a child care allowance until a child graduates junior high school. Most of the measures in his blueprint were in the party's manifesto for the House of Councillors election in 2007, but other measures, such as a system to offer income support for individual fishing households, are in the manifesto, so the amount of needed financial resources is likely to be larger than the 15.3 trillion yen estimated at the time of the 2007 Upper House election.

In a press conference yesterday, Ozawa said regarding fiscal resources: "Many allocations have been used for other purposes than their initial ones, and (in the government's budget) there are items that we think are unnecessary." He stressed that he would boldly cut wasteful spending and expenditures for existing projects that the DPJ places low on its list of priorities.

Ozawa said: "Public highway maintenance and improvement has been carried out to a considerable extent," indicating that he would significantly reduce the highway budget.

However, many government officials take a cool view about Ozawa's blueprint, with a senior Finance Ministry official commenting: "There are a lot of budgetary allocations that cannot be slashed, such as those to redeem national bonds and to pay social insurance

TOKYO 00002460 006 OF 009

benefits. It will be difficult to cut more than 15 trillion yen."

An attempt to discontinue existing projects will inevitably evoke protest from the industries and voters who benefit from the projects. Some DPJ members, keeping such a possibility in mind, might oppose Ozawa's idea, and debate in the party might eventually heat up.

8) DPJ gearing up for Lower House election

NIKKEI (Page 2) (Excerpts)  
September 9, 2008

Democratic Party of Japan President Ichiro Ozawa sealed his third

term unopposed yesterday. The party will now gear up for the next Lower House election that might follow the dissolution of the Lower House at the outset of the next extraordinary Diet session to be convened on Sept. 24. In a press conference yesterday, Ozawa stressed the party's target of winning a majority in the Lower House that holds 300-single seats. The DPJ is aiming to become the largest party in the lower chamber, while the Liberal Democratic Party is eager to turn around the situation via its leadership race and the installation of a new prime minister.

In the press conference held at party headquarters, Ozawa played up the party's stance to unanimously make preparations for the next Lower House election. Immediately after the press conference, Ozawa discussed the party's election measures with Secretary General Yukio Hatoyama and other executives. After the meeting, he headed for a photo-shoot session for campaign posters.

Starting today, Ozawa is scheduled to resume his nationwide political tour to visit constituencies in which the party has yet to determine its candidates. Ozawa said to his aide last evening: "I will devote myself to the nationwide tour and campaigning. You have to see the secretary general regarding other matters."

The party's Upper House Caucus Chairman Azuma Koshiishi, too, explicitly said to reporters yesterday that his party would focus its attention on campaigning for the next election. The party is scheduled to assemble its Upper House proportional-representation members on Sept. 10 to build a solid cooperation system to obtain the cooperation of support organizations.

Ozawa also told the news conference yesterday that he would renew the party leadership and the shadow cabinet in a way that can win public trust through the next election.

Deputy President Naoto Kan, Secretary General Hatoyama, and Upper House Caucus Chairman Koshiishi are likely to retain their posts. Some in the leadership think Ozawa will also retain Kenji Yamaoka as Diet Affairs Committee chairman. Amid such speculations, Ozawa intends to consider giving posts to individuals who can draw much attention.

The DPJ's extra efforts for the next election come from the likelihood that the LDP will restore its popularity after the next general election the change over of the prime minister. A DPJ lawmaker predicted that if the next prime minister dissolves the Lower House soon after the convocation of the next Diet session by taking advantage of his popularity, it would be difficult for the DPJ to become the largest party, overtaking the LDP's place.

TOKYO 00002460 007 OF 009

As such, the party will move up the time to determine the first batch of its official candidates from within September to this week. The party will also increase the number of its official candidates from about 150 to over 200 to aim at garnering more than 150 single seats. But given a lack of preparedness, Ozawa indicated in the press conference difficulty attaining the target under the current situation.

9) LDP presidential candidates set to attack Ozawa's political approach and DPJ campaign pledges

TOKYO SHIMBUN (Page 2) (Abridged slightly)  
September 9, 2008

How are the candidates running in the LDP presidential race going to deal with Democratic Party of Japan President Ichiro Ozawa, who has won a third term, in the next Lower House election? Major candidates have played up their confrontational stances toward Ozawa's political approach to apply pressure on the Ozawa-led DPJ ahead of the next election.

Secretary General Taro Aso, who is regarded as the frontrunner in the presidential race, in a speech on Sept. 6 played up his ability to counter Ozawa, saying: "The next LDP president will have to lock horns with Mr. Ozawa. That has to be taken into consideration in

selecting the new LDP president." He also criticized the DPJ's presidential election without a vote, saying: "A party that does not allow members to throw their hats in the ring to run in the race is strange." Aso indicated that once elected LDP president, he would attack Ozawa's heavy-handed approach to politics.

Former Policy Research Council Chairman Nobuteru Ishihara, too, zeroed in on Ozawa's political style, saying to reporters yesterday: "Some members expressed their eagerness to run in the race, but they were not able to do so. I am certain that they are now wondering why their party did not carry out an election."

Economic and Fiscal Policy Minister Kaoru Yosano in a press conference indicated that he would focus on problems in the DPJ manifesto for the next Lower House election presented by Ozawa. Yosano said: "In view of fiscal resources, most plans are difficult to implement. The party needs to spell out how it intends to raise the funds."

Former Defense Minister Yuriko Koike, who was at Ozawa's side in launching the now-defunct New Frontier Party, praised Ozawa, saying: "I was able to learn many things from him. He is the best at dealing with politics." At the same time, Koike expressed a willingness to hold a debate with Ozawa on security policy, over which the DPJ is split, noting: "I will have the public make a decision on the concreteness and feasibility of the DPJ's policies, especially in the security field."

Former Defense Minister Shigeru Ishiba, on a commercial TV program, also indicated that he would pursue Ozawa on security, saying: "The DPJ has pronounced the Maritime Self-Defense Force's refueling mission in the Indian Ocean unconstitutional. That is strange."

10) Japan makes tough decision to support lifting nuclear embargo on India

TOKYO 00002460 008 OF 009

YOMIURI (Page 4) (Full)  
September 9, 2008

The Nuclear Suppliers Group (NSG), a 45-member international body overseeing its members' nuclear technology exports, has now reached a consensus to waive its embargo on nuclear reactors and nuclear fuel to India, a non-signatory to the Nuclear Nonproliferation Treaty (NPT). Japan, which is also an NSG member, is now in a complicated position. Japan joined in the international consensus. However, Japan has insisted on stepping up the NPT regime while upholding its policy of pushing for nuclear disarmament. Japan's approval of the NSG's decision this time is contradictory in part to that nuclear disarmament policy.

Chief Cabinet Secretary Machimura, meeting the press yesterday, said Japan has "decided from a comprehensive perspective" to join the consensus on the exceptional waiver of nuclear trade with India. Machimura said the nuclear trade waiver would help India promote nuclear power generation and cut greenhouse gasses. He added that India has agreed with the International Atomic Energy Agency to let the IAEA inspect that country's nuclear facilities and that this safeguards agreement will increase its nuclear activities' transparency.

Japan has called for the NPT regime to be enhanced in an aim to limit the nuclear powers to the United States, Russia, Britain, France, and China. However, such an effort could lose its persuasiveness. "North Korea and Pakistan may also tell us to allow them to have nuclear weapons," said Hirofumi Tosaki, chief researcher at the Japan Institute of International Affairs.

11) Revised economic strategy report propose tax cuts for investments in energy-conservation facilities

YOMIURI (Page 2) (Excerpts)  
September 9, 2008

The Ministry of Economy, Trade and Industry (METI) yesterday

unveiled draft revisions to its report titled "new economic growth strategy" for Japan to sustain its economic growth despite recent soaring resource prices. The report includes measures to reduce taxes for companies' capital investment in energy-conservation facilities. It also suggests the need to press major companies to raise wages, aiming to boost households' buying power. METI will seek approval for the revised report in a cabinet meeting today. The ministry wants to have the report reflected in the government's annual economic and fiscal policy guidelines due out next summer.

Based on the view that the Japanese economy is faced with severe problems due to soaring resource prices, leaving Japan mired in a sense of helplessness, METI concluded that it is necessary to add more measures to overcome the steep rise in prices. The ministry aims to encourage companies and households to promote investment for conserving energy and resources, as well as to expedite exports to resource-supplying countries and emerging countries.

The revised version stresses that Japan should aim to become a country rich in natural resources by making use of solar power. It also includes major tax-cut measures to allow multiple companies to jointly introduce an energy-conservation facility.

12) Keidanren to call for raising consumption tax to 10 PERCENT in  
TOKYO 00002460 009 OF 009

fiscal 2011

YOMIURI (Page 2) (Full)  
September 9, 2008

The Japan Business Federation (Nippon Keidanren) decided yesterday to call on the government to raise the consumption tax from the current 5 PERCENT to 10 PERCENT in fiscal 2011 as a medium-term reform of the tax system. After the plan is formally decided by the chairman and vice chairman, the business group will announce the plan, possibly later in September.

In Chairman Fujio Mitarai's vision released in January 2007, Keidanren proposed hiking the consumption tax to 10 PERCENT in two stages by 2015. Based on its recent estimate, however, the business group concluded that in order to maintain the current medical, pension and other social security systems, the consumption tax should be raised at one stroke at an earlier date than scheduled.

Keidanren set forth the government's plan to return the nation's primary balance to the black in fiscal 2011 as a precondition for stable growth of the Japanese economy. It also thinks it is necessary to take measures to reduce the burden on middle-income and lower earners in order to mitigate the blow to individual consumers from the consumption tax hike.

Specifically, Keidanren intends to incorporate tax cuts for families with small children and tax cuts for middle-income and lower earners worth several trillion yen.

ZUMWALT